



PHILIP MORRIS INTERNATIONAL

Sustainability Materiality Report 2025

About this report

This report presents the process and results of the sustainability materiality assessment (SMA) undertaken by PMI in 2024 and reviewed in the first half of 2025, in accordance with the requirements of EU Directive (2022/2464) on Corporate Sustainability Reporting as adopted on December 14, 2022 (referred to in this report as “CSRD”). The insights shared in this report represent the foundation of our sustainability strategy for 2030 and beyond, which we will introduce in our next annual integrated report, to be released in 2026.

Additionally, the report details how we localized the global SMA process and outcome to Philip Morris ČR a.s. (PMČR), our only subsidiary publicly listed in the EU and required to report under CSRD in 2025, ensuring consistency while accounting for local conditions. It also highlights a separate sustainability materiality assessment conducted by Aspeya—our wellness and healthcare business.

SMA plays a fundamental role helping inform our strategy by guiding the identification and prioritization of those sustainability topics that are most relevant to our company. Our SMA results enable us to focus our efforts and resources in the most strategic manner: where they make the greatest difference, effectively managing risks while seizing meaningful opportunities. In doing so, our SMA helps us align our business strategies with our sustainability commitments, strengthening our resilience, and future-proofing our business.

About PMI

Philip Morris International is a leading international consumer goods company, actively delivering a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector. The company’s current product portfolio primarily consists of cigarettes and smoke-free products, including heat-not-burn, nicotine pouch and e-vapor products. As of June 30, 2025, our smoke-free products were available for sale in 97 markets, and PMI estimates they were used by over 41 million legal-age consumers around the world, many of whom have moved away from cigarettes or significantly reduced their consumption. The smoke-free business accounted for 41% of PMI’s first-half 2025 total net revenues. Since 2008, PMI has invested over \$14 billion to develop, scientifically substantiate and commercialize innovative smoke-free products for adults who would otherwise continue to smoke, with the goal of completely ending the sale of cigarettes. This includes the building of world-class scientific assessment capabilities, notably in the areas of pre-clinical systems toxicology, clinical and behavioral research, as well as post-market studies. Following a robust science-based review, the U.S. Food and Drug Administration has authorized the marketing of Swedish Match’s *General* snus and ZYN nicotine pouches and versions of PMI’s IQOS devices and consumables - the first-ever such authorizations in their respective categories. Versions of IQOS devices and consumables and *General* snus also obtained the first-ever Modified Risk Tobacco Product authorizations from the FDA. With a strong foundation and significant expertise in life sciences, PMI has a long-term ambition to expand into wellness and healthcare areas and aims to enhance life through the delivery of seamless health experiences. References to “PMI”, “we”, “our” and “us” mean Philip Morris International Inc., and its subsidiaries.

For more information, please visit www.pmi.com and www.pmisience.com.

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In this report and in related communications, the term “materiality,” “material,” and similar terms are defined in the referenced sustainability standards and certain regulatory requirements, as may be applicable to us, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.

This report was developed with the assistance of Artificial Intelligence and reviewed and finalized by PMI employees.

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Message from our Chief Sustainability Officer

Amid a time characterized by significant global changes and heightened expectations, our unwavering commitment lies in embedding sustainability at the heart of PMI's mission and strategy. We recognize that the ability to achieve a resilient, sustainable future requires more than incremental progress—it demands bold vision, clear priorities, and continual reinvention.



Our SMA recognizes that sustainability factors must be evaluated from two critical perspectives. Firstly, we assess how environmental, social, and governance-related trends—from climate change to evolving workforce expectations—may impact our business continuity, performance, operations, and financial results. Secondly, we examine how our activities, products, and services affect or could affect the communities and environment in which we operate. This dual lens ensures we identify not only the sustainability issues that pose risks and opportunities for PMI but also those where our company has the greatest potential to drive positive change. By embracing this comprehensive approach, we can make more informed strategic decisions that create value for both our business and society, while building the trust and transparency that our stakeholders expect from a responsible corporate leader. Implementing double materiality has not only broadened our perspective but also deepened our understanding of how interconnected and dynamic sustainability-related issues truly are.

It is this forward-thinking mindset that paved the way for 2024: by the time the CSRD came into effect, mandating in-scope companies to conduct double materiality assessments, we were already well-positioned to integrate its requirements. Yet, our 2024 SMA is more comprehensive, detailed, and systematic than any before, enabling us to achieve a deeper, more nuanced understanding of our impacts, risks, and opportunities (IROs). Its rigor set a new benchmark for how we approach sustainability, producing sharper insights and laying the groundwork for even stronger strategic decisions.

This evolution has been amplified by the purposeful synergies built with our Enterprise Risk Management (ERM) program. The integration of ERM into our SMA process represents a pivotal advancement—one that fortifies the rigor and reliability of our approach. By systematically identifying, assessing, and

prioritizing sustainability-related risks and opportunities through the ERM lens, we ensure that sustainability is not treated as a siloed initiative but as a core strategic consideration woven seamlessly into the overall fabric of our business risk management. It provides us with a more granular understanding of potential vulnerabilities and emerging threats, while also illuminating new avenues for business growth and resilience. By integrating the ERM program, the SMA equips us to anticipate and respond proactively to changes in the regulatory, social, and market environments, thereby safeguarding our long-term value creation and enhancing our competitive advantage.

The insights gained through our SMA are more than just data points—they are the bedrock on which PMI's sustainability strategy for 2030 and beyond is being built. These findings have enabled us to clearly identify our material IROs at global level, ensuring our strategic focus remains robust and relevant amid a rapidly evolving external landscape. We are crafting a strategy intended to be flexible and harmonized with societal expectations and our enduring business objectives, nurturing the resilience of our company. We look forward to sharing the outcome of this work in our upcoming annual Integrated Report.

Transparency remains a guiding principle in our approach. Openly sharing our methodologies, findings, and decision-making frameworks not only reinforces accountability and trust with our stakeholders but also advances the field of sustainability by fostering dialogue, learning, and continuous improvement. As we look ahead, our journey will be defined by ongoing improvement and innovation. We remain committed to challenging ourselves to raise the bar for sustainability performance and to make informed choices that aim to generate positive change for our business, society, and the planet.

PMI's journey with sustainability materiality spans nearly a decade, reflecting our long-standing commitment to understanding and addressing our most significant IROs. We conducted our first materiality assessment in 2016, followed by a comprehensive update in 2018, a targeted refresh in 2019, and a pioneering double materiality assessment in 2021, well ahead of regulatory mandates. In 2023, anticipating evolving requirements, we conducted a strategic refresh to calibrate our approach and assess our readiness for emerging compliance obligations.

This 2024 SMA represents our second double materiality evaluation, now aligned with CSRD requirements. This extensive experience has not only positioned us ahead of regulatory timelines but has also enabled us to continuously refine our methodology and strengthen the integration of sustainability considerations into our core business strategy. As we move forward, this rich foundation ensures that our SMA process remains robust, responsive, and genuinely reflective of the evolving landscape in which we operate. The external landscape continues to evolve and the path is not always predictable, but with clarity of purpose and the courage to lead, we are confident in our ability to generate lasting value. By embedding sustainability at the core of our strategy, we are strengthening our capacity to anticipate change, seize new opportunities, and future-proof our business for enduring success.



Jennifer Motles
Chief Sustainability Officer

Overview

Our commitment to sustainability is guided by a thorough sustainability materiality assessment (SMA), which we view as a vital tool for setting strategic priorities.

Since 2016, we have regularly carried out this rigorous process at PMI to ensure our decisions both foster business value and reflect the expectations of our stakeholders. The early adoption of “double materiality” in 2021 further strengthened our perspective, allowing us to begin assessing sustainability matters from both impact and financial viewpoints.

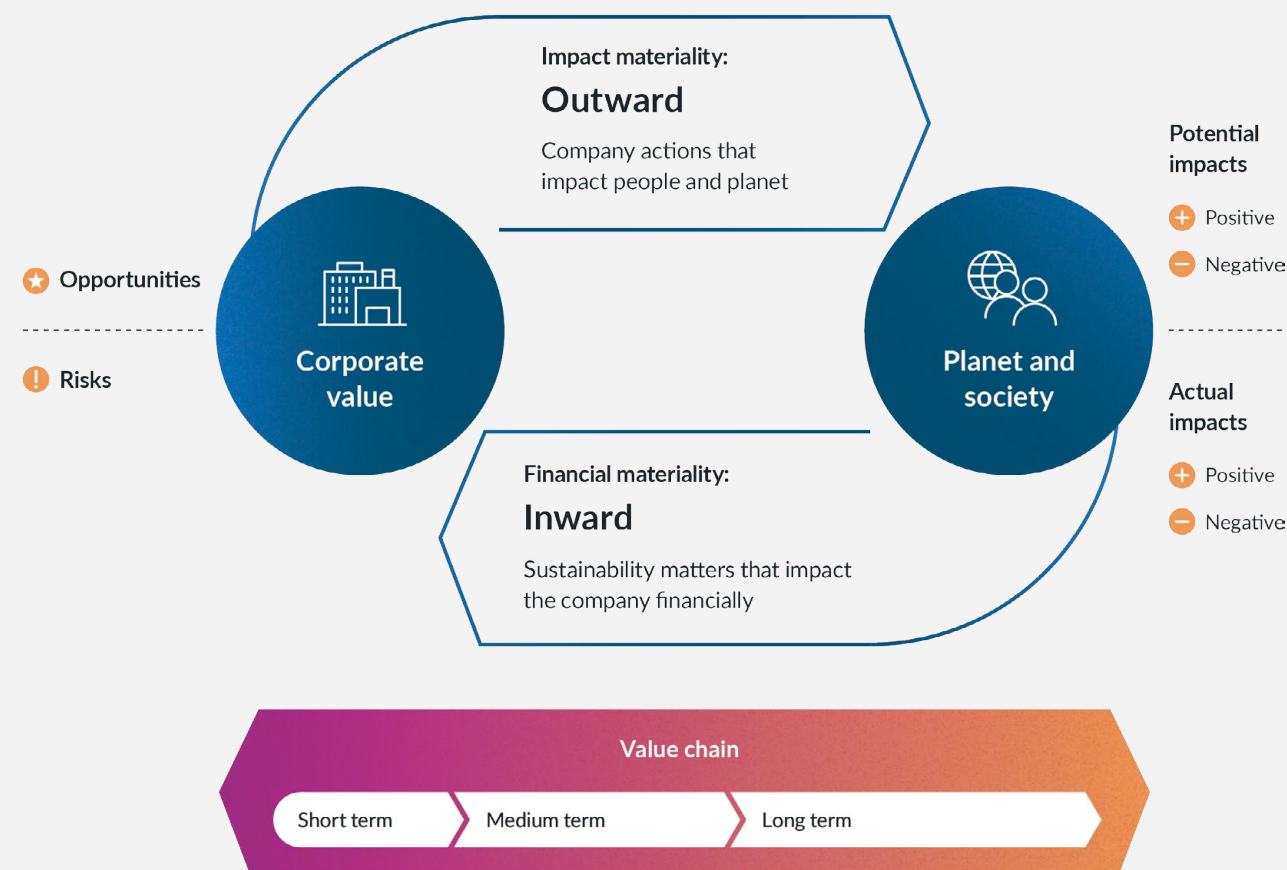
With each iteration of our SMA, our strategy has become more focused and resilient. The 2024 assessment marks another step forward, as we have incorporated evolving regulatory standards—particularly the CSRD—and deepened our collaboration with the ERM function. This integration ensures that we systematically consider the financial aspects of sustainability topics, reinforcing the clarity and strength of our long-term approach.

This report provides a detailed overview of PMI’s SMA conducted in 2024, as well as the relevance review conducted in 2025 which sought to assess the continued validity of our 2024 SMA results. It highlights the material sustainability topics we identified, alongside the associated IROs that will shape the evolution of PMI’s sustainability strategy as we look toward 2030 and beyond.

Transparently disclosing details of both the methodology behind our SMA and its outcomes highlights the thoroughness of the approach and denotes how seriously our company considers this exercise. By sharing our process, insights, and the reasoning behind our decisions, we strive to provide stakeholders with a clear window into our thinking and overall approach to setting sustainability priorities. This transparency is essential, as the SMA identifies our material IROs, which in turn highlight the areas requiring prioritized attention. It is critical that our strategy is built on a robust foundation. The insights generated through our SMA enable more informed decision-making and strategic planning, ensuring that PMI’s programs and resources that seek to tackle these sustainability topics are aligned with long-term business goals.

Moreover, while the CSRD establishes requirements for conducting a double materiality assessment, it also calls for a level of professional judgment and discretion in how they are executed. In this context, putting in place a process that is clear and well governed, and being transparent about it, is vital to ensure the assessment’s credibility and value, while also enriching the wider dialogue on sustainability by sharing our experience, learnings, and best practices.

Double materiality at a glance



Our approach

It is crucial that our SMA process is thorough, objective, and credible. Our assessment was underpinned by a set of procedures, a substantial effort in mobilizing our internal teams' expertise, and valuable insights from external specialists.

Procedures

At PMI, we have developed an internal SMA handbook that outlines the specific rules, practices, and procedures guiding our assessment. This handbook is regularly updated to reflect evolving requirements and incorporates internal controls designed to maintain the integrity of our processes, ensure compliance with applicable sustainability-related legal requirements, and support the achievement of our business objectives.

To strengthen our most recent SMA, we relied on established internal control measures, leveraging existing mechanisms for efficiency and consistency. At the same time, we introduced new control measures to address any identified gaps, ensuring adaptability and comprehensive coverage.

Additionally, we created a detailed process description document, which clearly sets out the application of the handbook's guidelines during the SMA execution. This documentation carefully records decisions and actions taken.

An external assurance firm conducted an evaluation of our global 2024 SMA's audit readiness, which was grounded in the guidelines and procedural details outlined in our SMA handbook and process description document.

Cross-functional engagement

Our SMA process required meaningful collaboration across the company to achieve comprehensiveness, ensure alignment with strategic priorities, and foster internal consensus and a thorough understanding of various sustainability-related matters. To achieve this, we engaged extensively within PMI, drawing on expertise from various teams and functions.

Our Corporate Sustainability team played a central role, guiding the process from inception to completion. They worked closely with PMI's ERM function, whose involvement in risk and opportunity assessment were invaluable in shaping a robust and well-rounded approach. This partnership ensured that our SMA was both harmonious and aligned with broader business priorities. Additionally, the Sustainability team partnered with our legal and internal controls groups to ensure compliance and uphold strong governance standards at every stage.

Throughout the process, we involved a diverse range of internal stakeholders, including representatives from many business functions and levels of leadership. Through interactive workshops and individual discussions, the Sustainability and ERM teams gathered a broad spectrum of perspectives. This collaborative effort not only strengthened the SMA but also helped to nurture a culture of sustainability awareness throughout the company.

Final review and validation of the SMA methodology and results were closely integrated with our company's broader sustainability governance and management mechanisms. The Sustainability Committee, which includes PMI's CEO and certain members of Company Management, approved the initial methodology and set materiality thresholds at the outset.¹ In-depth discussions with the Sustainability Committee and PMI's Board of Directors ensured the final outcomes were reviewed, validated, and aligned with our strategic objectives.

External expertise

To further enhance the integrity and reliability of our 2024 SMA, we partnered with LRQA, a third-party expert. Its specialized experience provided us with valuable external perspectives, helping us to avoid potential biases, strengthen the rigor of our methodologies, and confirm our findings against recognized standards. Our collaboration with this expert was not a new endeavor; rather, it built on a foundation of engagements in our previous SMA exercises. Its familiarity with our organization, context, and strategic goals allowed it to offer relevant and targeted guidance.

1. PMI's Company Management primarily consists of our Chief Executive Officer, his direct reports leading our different business functions and regions, and other senior management, such as the Vice President of Treasury and Corporate Finance and the Vice President & Controller.

Step-by-step process

We used a five-step approach for the SMA we completed in 2024. Further, in 2025, we re-evaluated and confirmed the continued relevance of our 2024 results.

The next chapters of this report delve into further details for each step.





Preparation phase

We started the SMA by establishing key components to understand the context and guide the process.

Building our assessment methodology

During this preparatory phase, we defined criteria for evaluating impacts and assessing risks and opportunities, and we established a procedure to score the IROs. Related to this, our Sustainability Committee, which includes the CEO and certain members of PMI's Company Management, reviewed the methodology and set materiality thresholds for both impacts and for risks and opportunities.

The development of our methodology was a carefully orchestrated process. At the forefront of our design were the requirements set by the European Sustainability Reporting Standards (ESRS). Additionally, we incorporated guidance provided by the European Financial Reporting Advisory Group in its Materiality Assessment Implementation Guidelines (2024). In our pursuit of uniformity and consistency across our methodologies, we leveraged our existing Enterprise Risk Rating Methodology (ERRM) as part of the ERM program.

The ERRM provides a structured approach to evaluating and managing risks, which is essential for maintaining cohesive risk management practices across various key risk areas, including sustainability. By integrating this methodology and extending some of its principles to our outward assessment, when appropriate, we sought to facilitate a holistic approach to risk management and sustainability.

Our previous SMA experience provided us with insights into making informed judgment calls when faced with complex or ambiguous situations. This allowed us to clarify and enhance our methodology, ensuring that it is adaptable and responsive to the dynamic nature of sustainability challenges. Overall, the integration of these elements into our methodology enabled us to build a compliant, robust, and strategic process, setting a strong baseline for future assessments.

Determining the materiality thresholds

Detailed guidance on defining sustainability materiality thresholds is not provided by the ESRS. We decided that these thresholds, pertaining to both outward and inward assessments, would be predetermined and approved by PMI's Sustainability Committee before concluding the assessment of IROs. This decision was based on the understanding that pre-establishing thresholds could help diminish subjectivity and potential bias within the assessment process (as these preset thresholds were not communicated to internal experts providing inputs to evaluate the various IROs). By establishing thresholds ahead of time, along with clearly defined assessment criteria and leveraging already established thresholds by the ERM program where relevant and applicable, the credibility and accuracy of the SMA can be enhanced, as it offers a structured, consistent, and transparent way to determine the materiality of diverse sustainability issues.

Planning our stakeholder engagement efforts

PMI actively engages with multiple stakeholders on a continuous basis to understand their expectations and address their concerns, fostering a shared understanding of issues and identifying solutions beneficial to both stakeholders and our business. These engagements include those conducted via structured format, such as human rights or environmental impact assessments, as well as surveys, public consultations, and ad hoc engagements born from concrete needs of or requested by particular stakeholder groups. Read more [here](#).

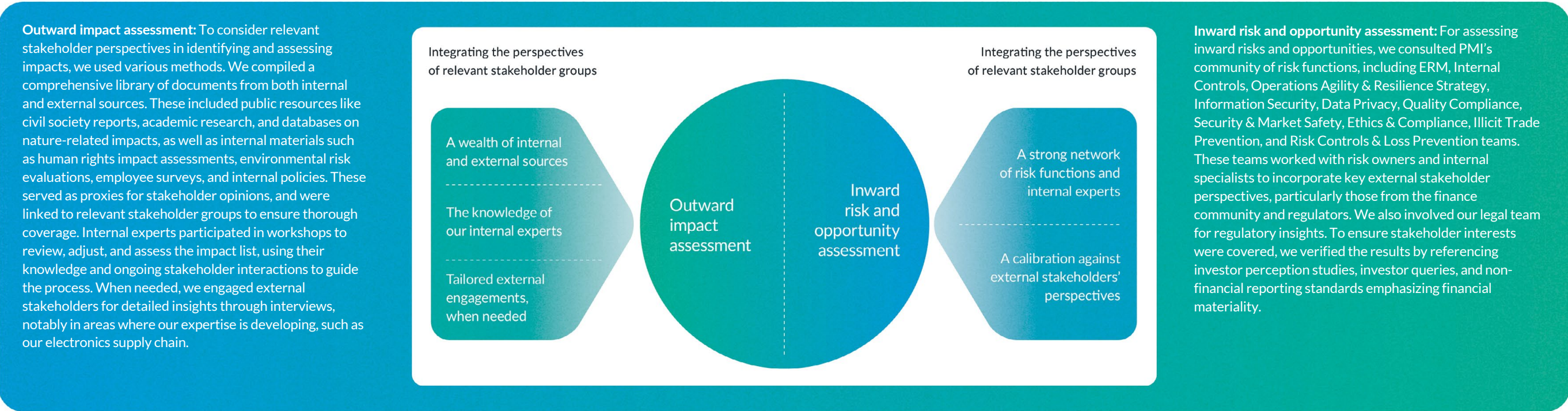
For the SMA, we developed a stakeholder engagement plan, seeking a comprehensive integration of internal and external stakeholder perspectives. This plan aimed to incorporate the views of those affected by PMI's activities, as well as those who are users of PMI's sustainability reporting. The key stakeholder groups we considered for the SMA are showcased on the next page; they align with those outlined in our [Statement of Purpose](#), to which we also added "Nature" as a silent stakeholder group.

To incorporate external stakeholders' perspectives in our SMA, we primarily relied on insights derived from ongoing interactions with external stakeholders conducted by various PMI business functions, previous SMA experiences (which had involved comprehensive external stakeholder interviews), and external reports and media coverage. Considering these extensive insights already available, direct active external engagement efforts solely for the purpose of the SMA were kept to a minimum. Specifically, our approach involved leveraging both external and internal sources, as well as the knowledge of PMI's internal specialists, to understand stakeholders' views and evaluate the significance of the IROs. This method was complemented by occasional, targeted engagements with external stakeholders organized solely for the SMA to improve our understanding of specific issues.

Key stakeholder groups



Integrating the perspectives of stakeholders

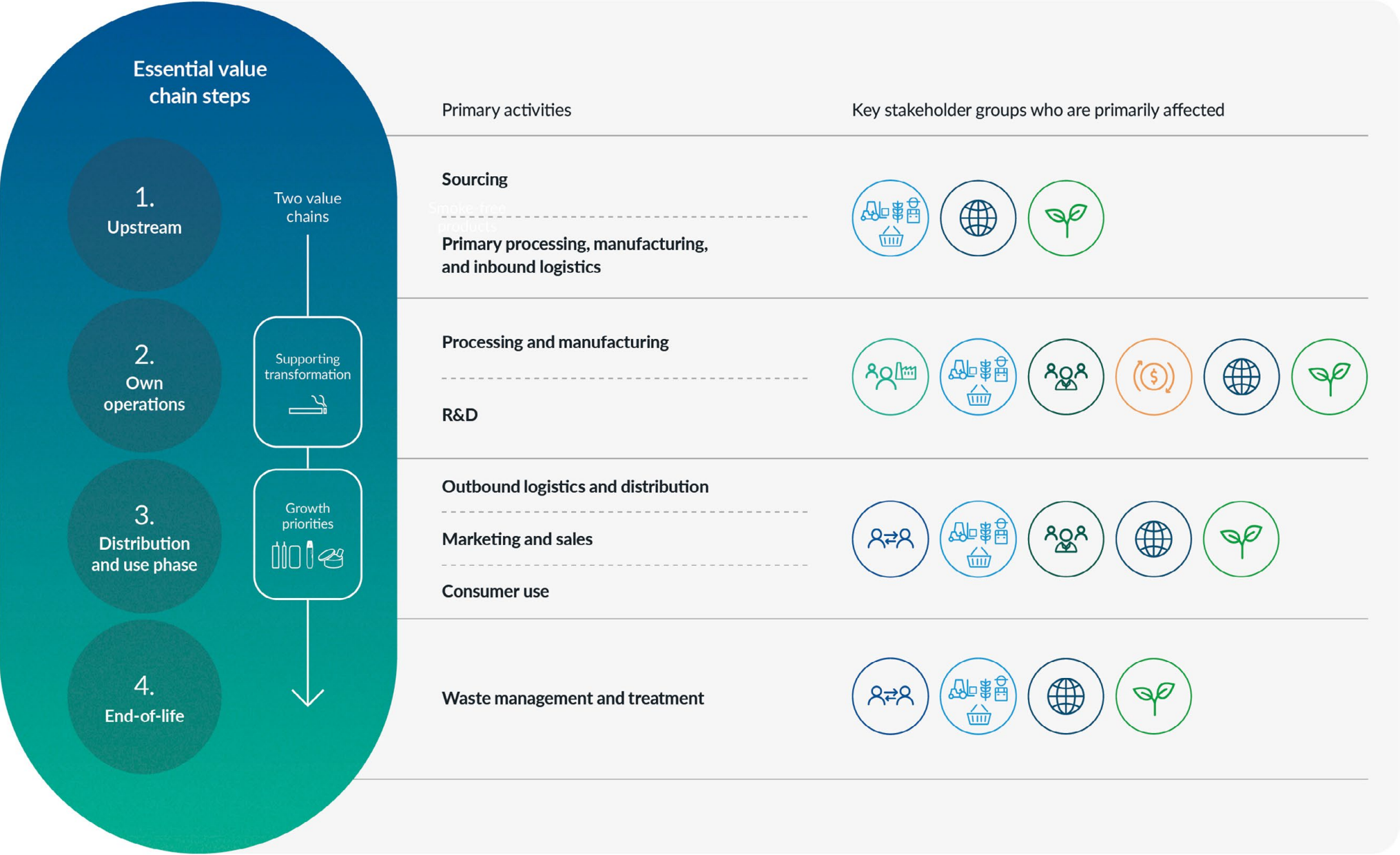


Mapping our value chain

We structured our value chain into four overarching steps: upstream activities, our own operations, distribution and use phase, and end-of-life. These steps were chosen for the SMA as they capture our entire business journey—from sourcing raw materials to the responsible treatment of products at their end of life. By linking these key stages to our main activities and sub-processes, we improved our ability to recognize sustainability IROs along the way.

In our mapping of sub-processes, we made clear distinctions between processes related to smoke-free products—such as procuring electronic devices or managing electronic waste—and those connected to traditional tobacco products, including cigarette manufacturing, packaging, and disposal of cigarette butts. While our value chain map offers a typical scenario and simplifies some real-world complexities and market variations, it faithfully mirrors the primary activities that define our business from a life-cycle perspective.

Throughout this mapping, we also identified the groups of stakeholders most likely to be affected by these activities at each stage, ensuring their perspectives are considered as we pursue our sustainability and business objectives.

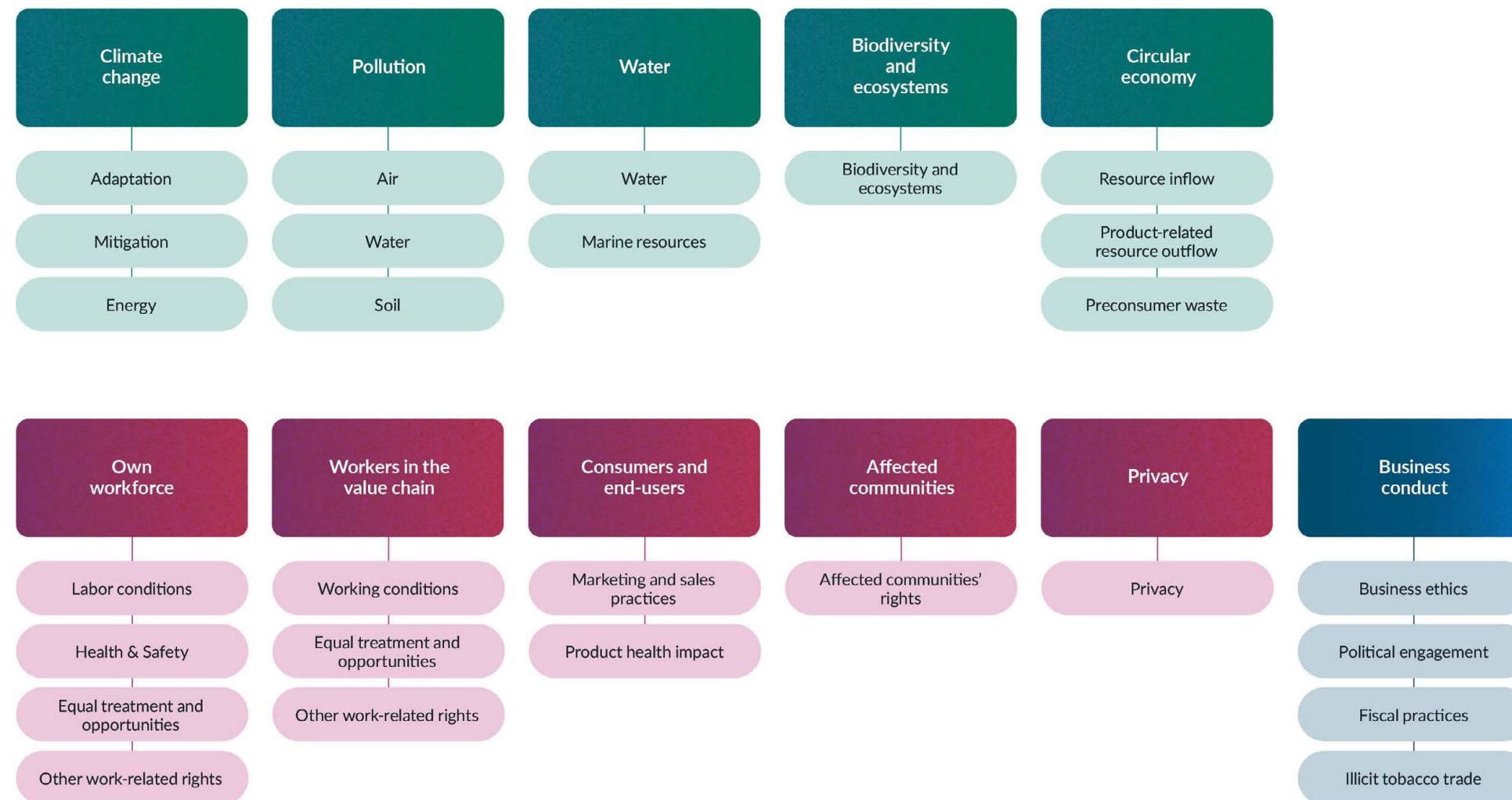


2 List of potentially relevant sustainability matters

We listed potentially relevant sustainability topics across our value chain. The list contained 11 high-level topics, associated with 27 sub-topics and 77 sub-sub-topics (which we together refer to as “sustainability matters”).

We primarily compiled the list based on insights from the ESRS, but also considered prior SMAs, insights from [stakeholder engagement](#), [global trends](#), and industry benchmarking and standards.

We developed descriptions for each matter (across the three levels), which we derived from various sources, such as the ESRS Glossary, International Labour Organization (ILO), DIN norms, and others.



3 Definition of impacts, risks, and opportunities

We created a catalog of key IROs linked to our identified potentially relevant sustainability matters.

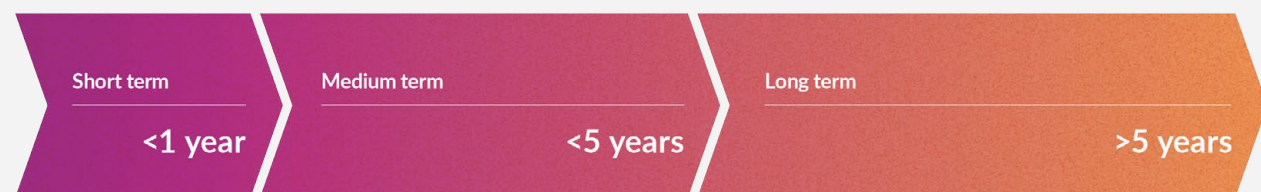
We consulted our internal experts and conducted thorough desktop research using both internal and external sources. We strived to ensure that the sources used reflected stakeholders' views. For instance, for social matters, we leveraged prior human rights saliency mappings and human rights impact assessments that had been compiled based on consultation with rightsholder groups. Considering the global reach of PMI's strategy, business model, product portfolio, and value chain, we sought to cover different activities, business relationships, and geographies in this process.

We considered both the direct and indirect impacts on people and the environment from our operations and business relationships. These impacts can be positive or negative, actual or potential, and may occur at any point along our value chain (we assigned them alongside our simplified four value chain steps). We also catalogued risks and opportunities that could affect business objectives. Each IRO was assigned a time horizon, recognizing that they may occur in the short, medium, or long term.

We identified over 330 IROs for evaluation, including around 150 risks and opportunities and around 180 impacts. Nearly three out of four identified outward impacts were negative, and two out of three were actual. On the inward side, most were risks (over 80 percent) rather than opportunities.

Time horizons:

We used time horizons that align with ESRS as well as our ERRM:



However, for some topics—notably related to climate and biodiversity matters—we utilized different time horizons that aligned with our enterprise's climate change-related and nature-related risks and opportunities assessments. For these topics, 1 to 5 years was considered short term, 5 to 10 years was considered medium term, and more than 10 years was considered long term.

Some methodological clarifications:

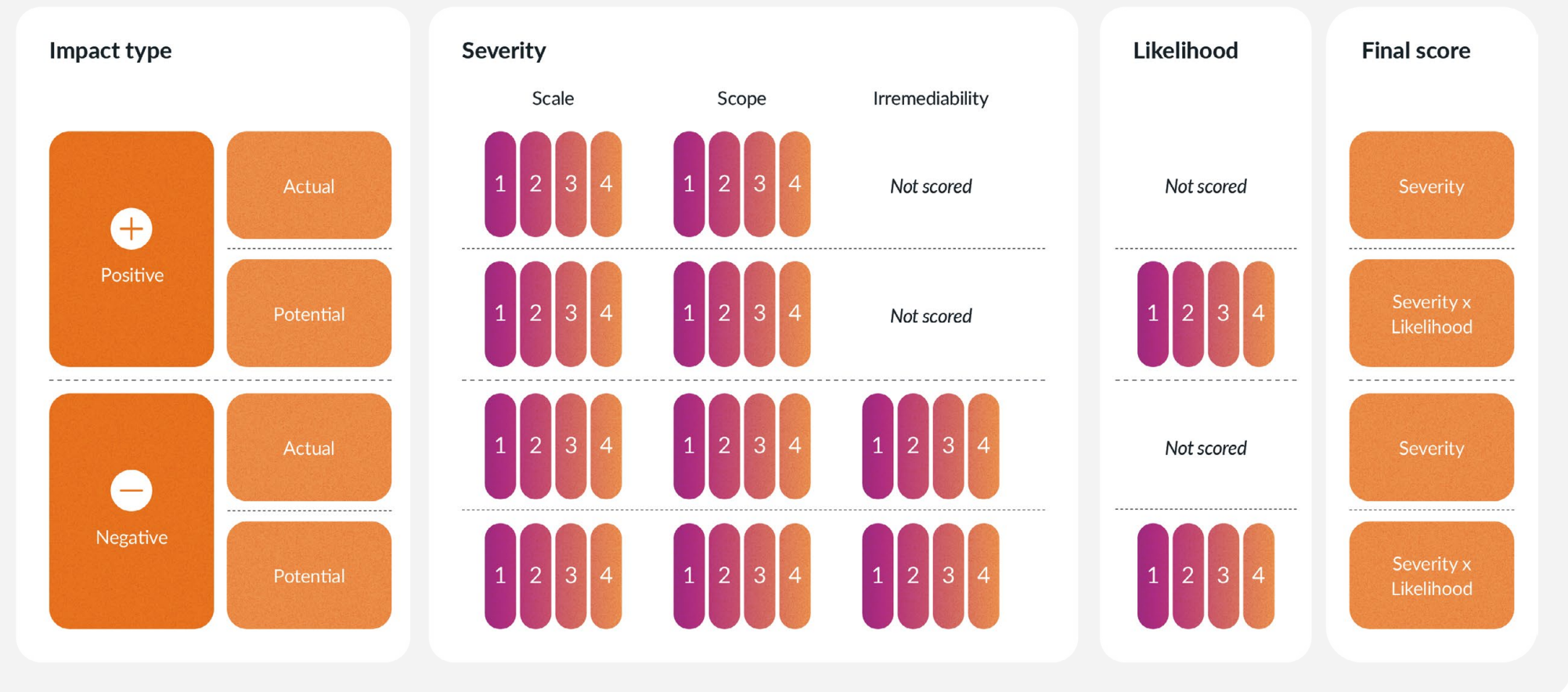
- Determining “key” IROs: By “key” we mean that we focused on those main areas, stakeholders, and processes where a material influence of an IRO was reasonably expected and IROs were likely to arise. Accordingly, we sought for our list of sustainability-related IROs to be comprehensive yet limited to “key” IROs to ensure the practicality of the SMA.
- Formulating the IROs: We aimed to formulate IROs in a homogeneous way to allow for the systematic application of our evaluation methodology. For each impact, we sought to highlight the output (or outcome) leading to the impact, as well as the stakeholder group(s) affected. For each risk or opportunity, we sought to highlight the risk or opportunity of an event, specifying its cause, and explaining the business impact it could lead to.
- Distinguishing positive versus negative, and actual versus potential impacts: We identified impacts that have (or could have) an adverse effect on the environment or people as “negative,” and impacts that benefit (or could benefit) the environment or people as “positive.” We identified impacts as “actual” if we could find evidence of their occurrence in our records during the prior reporting year (or three past reporting years, if data were available). We identified impacts as “potential” when no direct evidence could be found in our documentation, yet their existence within PMI's value chain was likely and documented in external sources (e.g., industry or peer reports).
- Distinguishing risks and opportunities: We sought for opportunities to not be phrased as reversed risks but as realistic, new, and feasible business possibilities.
- Assigning a time horizon: To gain a clearer comprehension of the assessment's context, we allocated a time horizon to each IRO. This approach helps in identifying IROs and demonstrates their significance within a particular period. The selection of the most pertinent time horizon for each IRO was made after considering available resources, expert insights, and thorough research. Although this assigned time horizon suggests when the IRO is most likely to be considered material, it does not imply that the IRO's applicability is restricted to that period, as some may extend across several time horizons.

4 Assessment of impacts, risks, and opportunities

After describing sustainability matters in terms of IROs, we assessed them. Our assessment was two-fold, in line with the double materiality concept:

Outward impact assessment to determine impact materiality:

We assessed the severity of negative impacts based on scale, scope, and irremediability criteria. Positive impacts were assessed based on scale and scope. For potential impacts, likelihood was also considered. We used a four-point scale to assess each criteria to ensure uniformity between the assessment of impacts and the assessment of risks and opportunities.



Inward risk and opportunity assessment to determine financial materiality:

We leveraged our ERRM to assess the risks and opportunities related to sustainability matters. This integration into PMI's ERM program helped to ensure that sustainability-related risks and opportunities were assessed in a manner consistent with how other types of risks and opportunities are assessed, and to foster a culture of proactive risk management that is aligned with PMI's sustainability objectives. We evaluated the impact of risks and opportunities and their likelihood of occurrence on a four-point scale. The assessment of impact considered financial, operational, reputational, and business strategic effects.



Consistent with our ERRM, we recognized ongoing proactive and preventive measures already embedded within PMI's operations—initiatives specifically designed to reduce, control, or avoid the manifestation of risks or negative impacts. By acknowledging these actions, our assessment could rest on actual data we had available, capturing not only the 'gross' state of risks and impacts but also the tangible effect of sustained risk management and mitigation efforts already in place.

We also assigned the applicable time horizon(s) to each IRO, highlighting the time horizon(s) when the IRO was deemed to be of highest relevance. The evaluation of IROs involved a mix of quantitative and qualitative methods. Internal expert consultations and judgment, supported by a range of input parameters (including data sources such as internal databases and past impacts and risks assessments, industry reports, government publications, etc. when available) formed the backbone of the analysis. We performed targeted external stakeholder interviews seeking deeper insights into specific areas where available information and data were limited—in particular for IROs pertaining to our fairly recent and fast-developing electronics supply chain. Through the project team, we ensured a constant feedback loop along the assessment to understand the connections between its impacts and dependencies and the arising risks and opportunities.



Formulation of the materiality overview

After assessing the IROs, we applied predetermined thresholds to determine material IROs. We considered a matter to be material if it met the threshold from either an impact perspective, a risk and opportunity perspective, or both.

Outward impact assessment

We considered impacts with a score of 3 or above (all applicable dimensions for each impact being assessed on a four-point scale and then averaged and multiplied by likelihood, as applicable) as material.

Inward risk and opportunity assessment

We considered risks and opportunities assessed with “major” or “severe” impact coupled with “likely” or “highly likely” likelihood as material.

We consolidated results at the sub-topic level for the sake of presenting the information in an easy-to-understand manner, assigning to each sub-topic the score of the highest scored IRO pertaining to that sub-topic.

The review and validation of the SMA methodology and outcome followed PMI's overall sustainability governance and management process, which involves rigorous oversight and engagement from various levels of leadership.

Our Sustainability Committee was tasked with reviewing and validating the outcome of the assessment. This is essential to ensure that the strategies supported by the results of our SMA align with PMI's overarching objectives. PMI's Sustainability Committee is comprised of our company's CEO, CFO, General Counsel, and other heads of functions who are all members of PMI's Company Management.

In meetings with members of the Sustainability Committee, discussions centered around the global SMA's results, not just affirming the material matters but also exploring topics which, although relevant to PMI either inwardly and outwardly in comparison to other topics, did not have a sufficiently significant impact, risk, or opportunity to be classified as material. Recognizing and differentiating these ‘close to material’ topics was crucial to ensure ongoing monitoring, acknowledging the dynamic nature of materiality. These discussions have been instrumental in providing our company with significant insights, helping us maintain flexibility and responsiveness. Consequently, this also boosts our organization's resilience and ability to adjust in the rapidly changing global setting.

After the Sustainability Committee approved the results of the SMA, they were brought to our Board of Directors who validated the decision of the Sustainability Committee.

This validation process was completed in the second half of 2024. Beyond reviewing the findings of the SMA, this process involved discussing potential improvements and ensuring that the sustainability strategies are integrated into the company's overall business strategy. The involvement of PMI's Sustainability Committee and Board of Directors provided an important layer of accountability and strategic oversight.



Identifying and addressing our material social and environmental impacts, risks, and opportunities is fundamental to our long-term business strategy. In an interconnected world, our success depends on understanding and actively managing the complex interdependencies between our operations, the communities we serve, and the planet's natural systems. By systematically evaluating these relationships through the lens of double materiality, we ensure that PMI remains not only the successful business that it is today, but resilient and competitive for decades to come, creating value that strengthens both our business foundation and the societal systems on which we depend.

Jacek Olczak PMI Chief Executive Officer



2025 Relevance evaluation

We understand that the nature of materiality is inherently dynamic, with sustainability matters and stakeholder concerns evolving in response to external trends, regulation, and company plans, and that our results require annual review.

Consequently, in the early months of 2025, we embarked on a relevance evaluation of the results from our 2024 SMA. This review aimed to ascertain the continued validity of our 2024 SMA by examining any alterations in internal or external conditions.

Conducted collaboratively across PMI, this review scrutinized internal elements like organizational restructuring, operational adjustments, financial metrics, and risk management, alongside external elements such as regulatory shifts, industry trends, and evolving stakeholder expectations. The assessment identified certain changes, including shifts in the regulatory and policy landscape concerning sustainability, swift advancements in generative AI technologies, PMI's rapid business transformation and growth in smoke-free products, and an increased emphasis on climate and nature in sustainability standards. Nonetheless, the changes identified through this evaluation exercise were generally not perceived to significantly undermine the validity of our results from our 2024 SMA. Minor revisions were advised, reflecting the latest insights from our environmental risk assessments. More precisely, a material inward risk connected to the topic of "Biodiversity and ecosystems" was reformulated, and the topic of "Water," which had been previously deemed "close-to-material," was elevated to material status due to the heightened importance of two risks. These amendments were deliberated with our Sustainability Committee, which affirmed the 2024 SMA's validity and approved the suggested adjustments to the two above-mentioned topics, ensuring the overall SMA outcome remained largely intact.

Tailoring the SMA for the Czech context

Following the completion of PMI's global SMA, we localized the global SMA results for our subsidiary Philip Morris ČR (PMČR), covering our affiliates in Czech Republic and Slovakia.

This decision was driven by the application of the CSRD requirements, which mandated PMČR—a locally listed entity in the EU—to issue its inaugural Sustainability Statement in 2025, covering the 2024 reporting period.

We chose a methodical top-down strategy, utilizing the results of PMI's global SMA as a foundational basis for tailoring to local conditions. The rationale behind this methodology was the homogeneity observed in business models, value chain activities, stakeholder groups, and product portfolios between PMI and PMČR. Such similarities indicated that there would be minimal differences in material IROs between PMI at the global level and its local entities in the Czech Republic and Slovakia. However, the approach also allowed PMČR to incorporate local specificities, ensuring that regional nuances were adequately addressed.

Concretely, this localization process involved a review of all IROs identified at PMI group level by local internal teams, leveraging available local datasets, analyses, and insights from ongoing stakeholder engagement efforts. This process enabled the re-calibration, amendment, addition or removal of IROs, as relevant, to account for local circumstances and specificities.

Once the localized SMA results were finalized, they underwent validation by PMČR's Board of Directors and were subsequently presented to the Supervisory Board. This validation process ensured that the localized results were accurate and aligned with the strategic objectives and regulatory requirements of the local entity. The detailed outcomes of this localization process are documented in PMČR's Annual Report for 2024.

In 2025, following the relevance evaluation completed by PMI at group level, PMČR conducted a similar exercise. PMČR intends to provide further details in its 2025 Annual Report to be released in 2026.

Our assessment results

As an outcome of our SMA, we identified several material impacts, risks, and opportunities.

From an outward perspective, we identified actual and potential material impacts generated on society and the environment through our direct and indirect operations. The majority of these material impacts, which are both negative and positive, concentrate on our upstream and downstream value chain activities. Simultaneously, from an inward perspective, we identified a series of material risks, that encompass potential supply chain disruptions in the long term, obstacles in informing stakeholders about our smoke-free products, repercussions from competitors' activities, and proliferation of illicit products. While our diligent efforts to foresee and mitigate potential adverse impacts and risks are currently and proactively preventing their materialization, we nonetheless identified certain challenges that are pervasive in our industry as material, accounting for their potential significance should they materialize. We also identified opportunities, mostly centered on anticipating emerging regulatory requirements, increasing operational efficiency and business resilience, and improving competitiveness.

In total, the assessment identified 39 material IROs, out of the over 330 IROs assessed, spanning over 8 topics (and 14 sub-topics, out of a total of 27 sub-topics considered). Of these material IROs, 27 are impacts, 9 are risks, and 3 are opportunities.

Consumers and end-users at core

The topic of “Consumers and end-users” not only holds the highest number of material IROs but also exhibits the most significant IROs from both outward and inward perspectives, underscoring its ongoing importance to our company. The adverse health effects associated with cigarette smoking are our most significant negative externality, while responsibly transitioning adult smokers to less harmful alternatives represents a substantial positive impact and business opportunity. Accordingly, the identified material IROs primarily relate to reducing negative health impacts, preventing underage access, promoting smoke-free product access for adult smokers, and scientifically substantiating smoke-free products as better alternatives to cigarettes. Those primarily originate from our business model and align with our goal to phase out cigarettes by ensuring that we become a substantially smoke-free company by net revenues by 2030.

Results overview

The results of our SMA, accounting for the relevance evaluation we completed in the first half of 2025, are displayed in the below visual. It showcases all topics and sub-topics considered and provides an overview of the materiality level of various IROs assessed connected to the various sub-topics. Further, the list of specific IROs we identified as material is available on the next few pages.

Significance of IROs

Very high

High

Medium

Low (or no key IROs identified)


MATERIALITY THRESHOLD


		Impact materiality		Risk & opportunity materiality	
		+ Positive	- Negative	! Risk	+ Opportunity
Climate change	Climate change mitigation	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Climate change adaptation	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Energy	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Pollution	Air pollution	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Water pollution	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Soil pollution	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Water and marine resources	Water	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Marine resources	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Biodiversity and ecosystems	Biodiversity and ecosystems	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Circular economy	Resource inflows	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Product-related resource outflows	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Preconsumer waste	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Own workforce	Labor conditions	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Health and safety	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Equal treatment and opportunities	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Other work-related rights	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Workers in the value chain	Working conditions	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Equal treatment and opportunities	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Other work-related rights	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Affected communities	Affected communities' rights	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Consumers and end-users	Marketing and sales practices	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Product health impact	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Privacy	Privacy	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Business conduct	Business ethics	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Political engagement	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Fiscal practices	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Illicit tobacco trade	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>


List of material impacts, risks, and opportunities

Climate change		
Climate change mitigation	Time horizon	Value chain step
Actual impact		
Greenhouse gas (GHG) emissions from deforestation in tobacco cultivation (wood fuel provision for tobacco curing, land use change, and use of timber for barn construction), the cultivation of other agricultural-based materials, and from the use of wood fiber and cellulose based materials in PMI products (incl. packaging and acetate tow) contribute to global warming and ultimately climate change affecting global ecosystems		
Actual impact		
GHG emissions from transport of materials to manufacturing sites and transport of products to warehouses and retail contribute to global warming and ultimately climate change affecting global ecosystems		
Actual impact		
Promoting the use of renewable energy sources (incl. renewable fuels) by PMI for upstream tobacco flue curing can contribute to the renewable energy transition and reduction of GHG emissions		
Actual impact		
GHG emissions from the production of fertilizer (incl. energy-related emissions) and their application (with regards to nitrogen-based fertilizers) contribute to global warming and ultimately climate change affecting global ecosystems		
Actual impact		
GHG emissions from the product manufacturing process (incl. energy-related emissions) contribute to global warming and ultimately climate change affecting global ecosystems		
Actual impact		
GHG emissions from indirect materials and services procured by PMI contribute to global warming and ultimately climate change affecting global ecosystems		
Climate change adaptation		
Actual impact		
Implementing climate change adaptation measures, in particular reforestation or water optimization, can lead to enhanced resilience to climate-related hazards of local ecosystems		
Opportunity		
Developing tobacco strains leveraging on advancements in biotechnology could lead to stable crop yields under changing climatic conditions.		
Energy		
Actual impact		
Promoting energy efficiency and increased use of renewable energy sources in PMI direct operations can reduce energy consumption and contribute to the shift to renewables		


Legend: Time horizon


 Short term


 Medium term


 Long term

Value chain step





 Upstream

 Own operations





 Distribution and use phase

 End of life











Water and marine resources

Water		Time horizon	Value chain step
⚠ Risk	Extreme weather events exacerbated by climate change could impact water availability at certain of our manufacturing sites (those located in high water-stress areas), potentially leading to increased operational costs and supply disruptions		
⚠ Risk	Prolonged water scarcity during the tobacco growing season driven by extreme weather events or seasonal variability exacerbated by climate change could decrease tobacco crop yields or compromise tobacco quality in various regions, potentially leading to increased sourcing costs or tobacco supply disruption		







Biodiversity and ecosystems

Climate change mitigation		Time horizon	Value chain step
⊖ Actual impact	The contribution to climate change through GHG emissions arising from our supply chain activities (our most significant emission category covering tobacco cultivation, pulp and paper-based products, electronics, and other direct and indirect materials and services) can lead to pressure on wildlife, habitat destruction and fragmentation, potentially resulting in loss of biodiversity in local ecosystems and impairment of the functionality and effectiveness of ecosystem services		
⚠ Risk	The collapse of ecosystem services such as natural forests and balanced water cycles driven by climate change could create shortages in direct agricultural raw materials, potentially leading to increased sourcing costs or supply disruptions		









Circular economy

Product-related resource outflows		Time horizon	Value chain step
⊖ Actual impact	The noncircular design of electronic products, including disposable products, that contain valuable resources can exacerbate the depletion of finite natural resources due to the lack of recycling or reuse		
+ Potential impact	The development of plastic-free filters could lead to significant reduction of plastic material outflows and contribute to reducing plastic pollution and degradation of local ecosystems in case of improper disposal by consumers (i.e., littering)		
⊖ Actual impact	The improper disposal by consumers of cigarette butts can lead to waste littered in the environment		
⊖ Actual impact	The improper disposal by consumers of smoke-free consumables after use can lead to waste littered in the environment		
+ Opportunity	Proactively developing manufacturing technologies, processes, and product portfolio in a more circular way can help anticipate the evolution of regulatory frameworks toward circularity, decrease cost, and increase operational efficiency		



Own workforce

		Time horizon	Value chain step
+ Actual impact	Promoting well-being practices can result in improved mental health for our employees		
Equal treatment and opportunities			
+ Actual impact	Addressing the gender pay gap and ensuring equal pay for equal work can contribute to equal outcomes and opportunities for our employees		
+ Actual impact	Offering lifelong learning and other growth opportunities can increase our employees' fulfillment and lifetime employment prospects		

Workers in the value chain

		Time horizon	Value chain step
+ Actual impact	Achieving a living income for farmers contracted to supply tobacco to PMI can lead to increased ability to afford a decent standard of living for the farmers themselves and their families		
Equal treatment and opportunities			
⊖ Actual impact	The lack of access to, awareness of, and use of grievance mechanisms can lead to the continuation of poor working conditions, including potential situations of discrimination and harassment, that may result in physical and psychological harm for affected workers		
Other work-related rights			
+ ⊖ Actual impacts	Occurrence of child labor in tobacco farming can lead to significant developmental and health impacts for children involved. Meanwhile, our efforts to eliminate systemic child labor in our tobacco supply chain can translate into an improvement to the children's conditions of health and well-being, increased educational attendance and outcomes, as well as contribution to the overall communities' economic growth		
⊖ Actual impact	Occurrence of forced labor in our electronics supply chain can lead to significant health, economic, and security-related impacts for affected workers		

Consumers and end-users

Product health impact		Time horizon	Value chain step
Actual impact	Smoking combustible tobacco products causes serious diseases, leading to health-related harmful effects for consumers		
Actual impact	The commercialization of smoke-free products to replace combustible tobacco products for adult smokers can lead to significant reduction in health-related risks for smokers who fully switch		
Risk	The inability for stakeholders to understand the difference in risk profiles between combustible and smoke-free products may hinder our tobacco harm reduction efforts and consequently our ability to convert adult smokers to smoke-free products		
Actual impact	Generating, publishing, and sharing scientific evidence on smoke-free products can lead to increased understanding of potential benefits of switching to smoke-free products for smokers, the scientific community, and society at large		
Risk	The inability to differentiate between combustible and smoke-free products due to debates not leveraging on our robust scientific research and findings could lead to stakeholders (including key opinion leaders, health practitioners, regulators, and society in general) not understanding the difference, hindering our tobacco harm reduction efforts and consequently the ability to convert users into the smoke-free product category		
Marketing and sales practices			
Potential impact	Despite PMI's responsible marketing practices embedded in its entire commercialization strategy, their ineffective enforcement, including age verification methods applied, could lead to the use of nicotine-containing products by underage people		
Potential impact	The inadvertent introduction on the market of products with features that would particularly appeal to youth could lead to the potential initiation and use of nicotine-containing products by underage people		
Risk	Certain of our competitors' commercial activities, as well as the commercialization of new products by competitors that might be attractive to underage audiences could put the smoke-free product category at risk of further regulatory scrutiny and elevated restrictions, hindering our tobacco harm reduction efforts		
Potential impact	Cost barriers due to product pricing could limit the access to smoke-free products as a better alternative to smoking for some groups of adult smokers		
Potential impact	The development and commercialization of smoke-free products with design and features that are appealing to adult smokers can lead to higher product acceptance for adult smokers to switch to smoke-free products and quit smoking		

Consumers and end-users continued

Marketing and sales practices (continued)		Time horizon	Value chain step
+ Actual impact	Engaging with policymakers to advocate for robust regulatory frameworks in line with tobacco harm reduction principles can lead to regulation improving access to smoke-free products for adult smokers	<div><div></div><div></div><div></div></div>	<div><div>1</div><div>2</div><div>3</div><div>4</div></div>
⚠ Risk	Regulators may fail to understand and reflect the difference between combustible and smoke-free products in legislation, thereby restraining our ability to communicate and engage with adult consumers, hindering our tobacco harm reduction efforts and consequently our ability to convert adult smokers to the smoke-free product category	<div><div></div><div></div><div></div></div>	<div><div>1</div><div>2</div><div>3</div><div>4</div></div>
⚠ Risk	Consumers may not understand the benefits and differences between combustible products and the various smoke-free products offering (including their harm-reduction potential) with the introduction of additional categories and brands, which might hinder their adoption or diminish successful conversion from adult smokers to smoke-free products	<div><div></div><div></div><div></div></div>	<div><div>1</div><div>2</div><div>3</div><div>4</div></div>
+ Opportunity	Appropriate pricing and brand-building strategies (e.g., multi-tier portfolio) may increase adult smokers' conversion to smoke-free products, making these more affordable and accessible to a broader range of adult smokers while reinforcing brand equity	<div><div></div><div></div><div></div></div>	<div><div>1</div><div>2</div><div>3</div><div>4</div></div>

Business conduct

Illicit tobacco trade prevention		Time horizon	Value chain step
⚠ Risk	The proliferation of illicit trade, with illicit products such as counterfeit, illicit white, or contraband, could lead to financial loss and reputational damage for the company	<div><div></div><div></div><div></div></div>	<div><div>1</div><div>2</div><div>3</div><div>4</div></div>

Our strategic priorities and sustainability framework

The outcome of our most recent SMA provided us with an essential foundation for defining our strategic priorities.

These priorities serve as overarching categories, thoughtfully grouping together our material sustainability-related matters to provide structure and direction for our sustainability agenda. We made this categorization at the material sub-topic level, to achieve an appropriate granularity to inform strategic direction.

By organizing these diverse topics under clearly defined strategic priorities, we can streamline our decision-making and reinforce accountability within our organization. We have defined six strategic priorities, organized based on whether they are social or environmental in nature:

- **Consumers:** Focuses on addressing the health impact of our products, the provision of clear information to consumers, the expansion of access to smoke-free products for adult consumers, responsible marketing and sales practices—especially to safeguard against underage use of nicotine products, and the prevention of illicit tobacco trade.
- **Our workforce:** Involves maintaining a safe, collaborative, and empowering work environment, including comprehensive training and skill development as well as a focus on well-being and on fair opportunities.
- **Workers in the value chain:** Focuses on fair treatment within the value chain, including fair pay and accessible grievance mechanisms for workers, the prevention of child labor and forced labor, and the overall upholding of human rights and ethical supply chain management practices.
- **Climate:** Addresses the reduction of greenhouse gas emissions, including through improvement of energy efficiency and adoption of renewable energy sources, and adaptation of operations and value chain to climate-related risks and impacts.
- **Nature:** Concerns the protection and restoration of ecosystems, management of impacts and dependencies on natural habitats and ecosystem services, and responsible water stewardship.
- **Circularity:** Involves efforts toward developing a circular model that prioritizes waste minimization, resource efficiency, product durability, repairability, and recyclability, as well as responsible product disposal and recovery solutions.

Consumers

- Product health impact
- Marketing and sales practices
- Illicit tobacco trade

Our workforce

- Health and safety
- Equal treatment and opportunities

Workers in the value chain

- Working conditions
- Equal treatment and opportunities
- Other work-related rights

Climate

- Climate change mitigation
- Climate change adaptation
- Energy

Nature

- Biodiversity and ecosystems
- Water

Circularity

- Product-related resource outflows

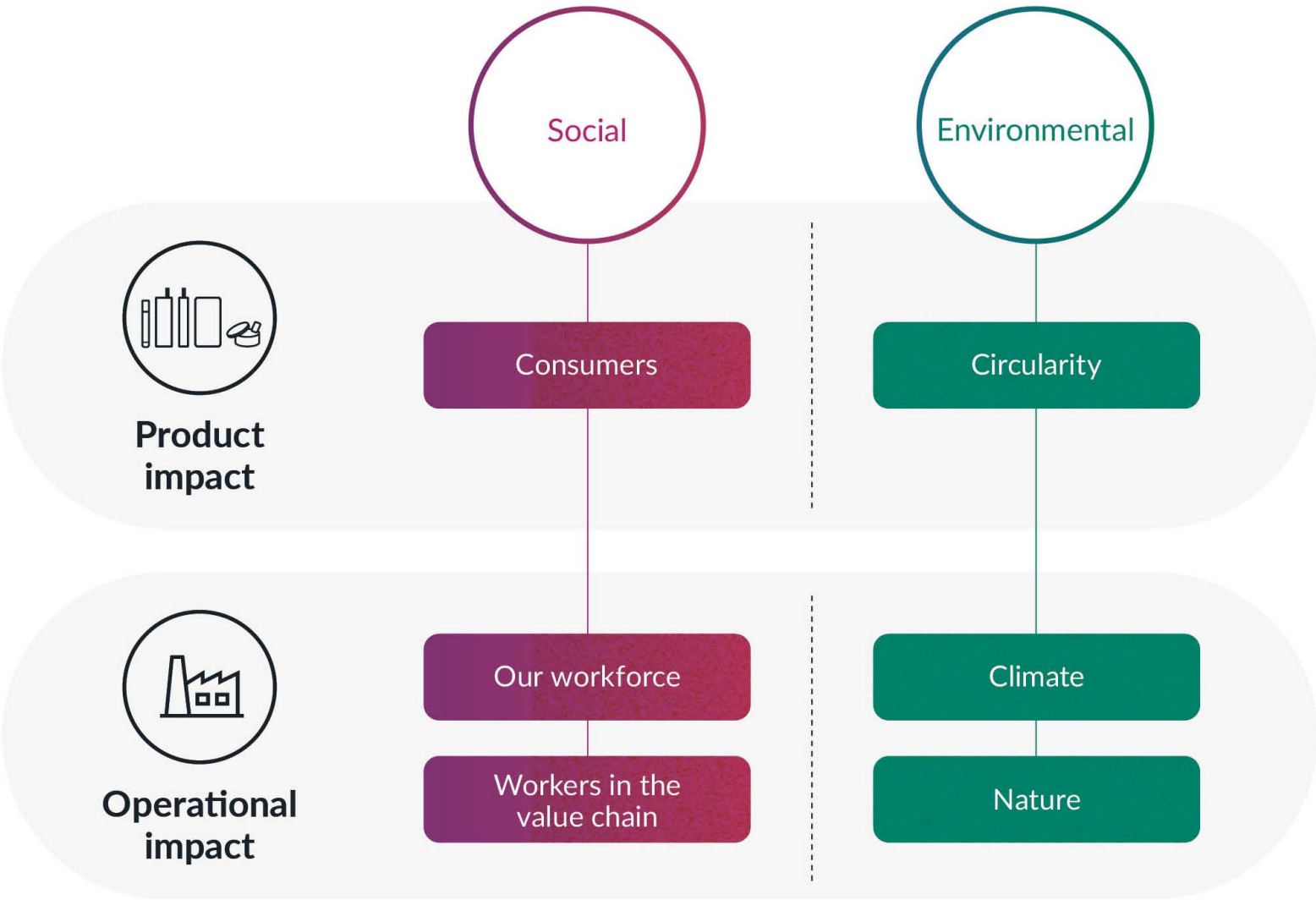
Our sustainability framework

In addition to distinguishing our strategic priorities based on their environmental or social nature, we separated them into two principal categories: product impact, which pertains to “what” we create, and operational impact, which relates to “how” we create. This distinction has underpinned our strategy for several years.

Product impact, which considers the consequences of our offerings throughout their life cycle on people and the planet, is where our approach truly distinguishes us. It reflects our commitment to creating meaningful value through innovation. By contrast, operational impact encompasses the broader effects arising from our business practices and activities across the value chain—priorities that, while vital, are more universally recognized.

The result of this double-categorization is our new Sustainability Framework, which is guiding the evolution of our sustainability strategy for 2030 and beyond.

By anchoring our strategic priorities in the findings of our SMA and structuring them clearly, we ensure our agenda is clear and focused on key areas. Our framework provides us with a basis for action, as we develop aspirations, targets, and indicators attached to each of our strategic priorities. This approach allows flexibility to continuously adapt and maximize our positive long-term impact, while facilitating effective communication both internally and externally.



Overview of Aspeya's sustainability materiality assessment

Over the course of our transformation journey, we have developed a strong foundation and significant expertise in life sciences.

Leveraging those, we began in 2021 our long-term growth ambitions beyond nicotine in wellness and healthcare. That year, PMI acquired Vectura Group, Fertin Pharma, and OtiTopic to create a wellness and healthcare business under the name Vectura Fertin Pharma (VFPh). In 2024, the decision was made to sell one component of VFPh, Vectura Group Ltd. (Vectura)—the sale of which completed on December 31, 2024. The remaining units of VFPh are now operating under a new identity: Aspeya.

Although at the beginning of its journey, this business focuses on developing and commercializing consumer health and wellness offerings and prescription products for therapeutic purposes, including pain management.

Given the novelty of this business for PMI and the substantial differences in business models, it was excluded from PMI's global SMA for 2024 and 2025. Instead, Aspeya executed a distinct SMA. Nonetheless, this assessment sought to adhere to PMI's procedural framework (deriving its approach from PMI's internal handbook), striving for uniformity in approach and preparing for possible enhanced integration moving forward.

Methodology overview

The SMA for Aspeya was initially conducted in 2024, focusing on one of its original subsidiaries, Fertin Pharma. This assessment marked the beginning of a comprehensive evaluation of sustainability practices within the company, as it represented the first ever SMA for the company. Following the strategic reorganization of PMI's wellness and healthcare division at the end of 2024 under Aspeya, the sustainability team of Fertin Pharma expanded the SMA in the first half of 2025 to encompass the entire division. The SMA was executed with the assistance of an expert independent consultant and methodological guidance from PMI.

Although distinct from PMI's SMA due to major differences of business maturity and industries, Aspeya adopted similar foundational methodological principles. The process began with preparatory activities, including mapping the value chain, identifying relevant stakeholder groups, and familiarizing with PMI's established methodology for SMA. Aspeya adopted similar materiality thresholds to PMI's, but tailored the scoring criteria to align with the specific circumstances and footprint of its business operations. The process also involved compiling a comprehensive list of sustainability matters, including topics and sub-topics, primarily derived from the ESRS.

The identification and assessment of IROs were conducted through a series of workshops involving representatives from various business functions and product categories within Aspeya. This approach ensured that all product categories and their respective value chain activities were adequately represented. Wherever feasible, the assessment was grounded in quantitative data.

Nevertheless, owing to the early stage of the business division, qualitative insights from internal experts were predominantly utilized for the evaluation.

Aspeya's Sustainability Committee, which includes the CEO of Aspeya and members of Aspeya's Senior Management Team, as well as PMI's Chief Sustainability Officer oversaw the full SMA, providing inputs throughout the process and validating findings mid-2025.

Aspeya's inaugural sustainability materiality assessment marks a pivotal step in our journey. By taking a comprehensive view of how our operations and value chain intersect with society and the environment, we can better understand the impact we have and identify opportunities for improvement in a proactive manner. We have gained important insights in this process, which help us refine our strategic priorities and allocate resources more effectively. This not only strengthens Aspeya's foundation but also enhances our resilience and competitiveness.



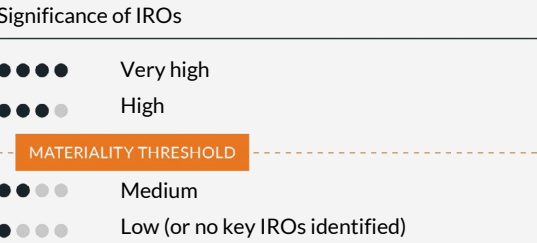
Michael Kunst
Aspeya CEO

Results overview

Aspeya's SMA unveiled more than 160 IROs, with approximately 30 deemed material across five topics.

- The topic with the highest materiality was identified as “Consumers and end-users,” supported by positive impacts and opportunities related to the nature of Aspeya's portfolio, which aims to make a positive difference to the lives of patients and consumers by promoting holistic health and proactive wellness. Aspeya also recognized a risk connected to access to its products for consumers, with a focus on the heightened uncertainty related to potential tariffs for entering its primary markets.
- Material impacts and risks connected to “Climate change” were primarily attributed to greenhouse gas emissions throughout Aspeya's value chain and increasingly stringent regulatory mitigation requirements.
- Material impacts associated with Aspeya's “Own workforce” were highlighted, emphasizing high employee engagement, above-average benefits, and growth opportunities.
- Material IROs connected with “Workers in the value chain” were identified, primarily stemming from insufficient insights and data that heightened uncertainty instead of identifying or predicting actual risks.
- “Business conduct” included material IROs, acknowledging the company's robust corporate culture and compliance practices, along with rigorous whistleblowing policies and mechanisms.

Overview of the results



Comparing PMI and Aspeya’s SMA findings

The findings of PMI’s and Aspeya’s respective SMAs showcase both similarities and differences. These variances arise from factors such as business maturity, geographical impact, product offerings, and the distinct lists of sustainability matters and related descriptions that served as the basis for evaluation. Despite these discrepancies, it is noteworthy that both PMI and Aspeya identify “consumers and end-users” as their most significant material topic, albeit influenced by distinct IROs. Regarding topics like “Climate change,” “Own workforce,” and “Workers in the value chain,” while PMI’s material IROs are more comprehensive owing to the company’s global and expansive presence, Aspeya’s material IROs align considerably with several of PMI’s.

These understandings will steer our direction as, in the longer term, PMI—with Aspeya—will continue to explore the potential expansion of its offerings to include critical unmet needs within the wellness and healthcare space.

		Impact materiality		Risk & opportunity materiality	
		+ Positive	– Negative	! Risk	+ Opportunity
Climate change	Climate change mitigation	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Climate change adaptation	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Energy	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Pollution	Air pollution	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Water pollution	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Soil pollution	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Water and marine resources	Water	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Marine resources	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Biodiversity and ecosystems	Biodiversity and ecosystems	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Circular economy	Resource inflows	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Product-related resource outflows	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Preconsumer waste	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Own workforce	Labor conditions	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Equal treatment and opportunities	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Other work-related rights	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Workers in the value chain	Working conditions	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Equal treatment and opportunities	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Other work-related rights	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Affected communities	Affected communities' rights	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Consumers and end-users	Information-related impacts	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Product impact and access	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Privacy	Privacy	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
Business conduct	Corporate culture	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Political engagement	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Protection of whistleblowers	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Animal welfare	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Corruption and bribery	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>
	Supplier payment practices	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div></div>

Next steps

The results of PMI's most recent SMA, which are elaborated in this report, serve as the foundation for shaping our strategy beyond the year 2025.

These results constitute the core of updated plans aimed at tackling significant environmental and social issues, which will be elaborated in our forthcoming Integrated Report slated for release in early 2026.

As we publish details about this CSRD-compliant sustainability materiality assessment, we recognize we are operating in a period of significant regulatory and market evolution. While external developments continue to unfold, our commitment to sustainability extends well beyond compliance—it represents a fundamental component of our business strategy that enhances resilience, drives innovation, and positions us for long-term success. We are prepared to adapt and respond to changes that would emerge in the regulatory landscape and adjust our approach when appropriate with the same strategic rigor that has guided this SMA.



By clearly understanding our impacts, risks, and opportunities, and proactively addressing them, we protect our company's future while also providing lasting benefits to our stakeholders. Our thorough process to evaluate sustainability-related issues enables us to manage uncertainty, allocate resources toward impactful projects, and ensure sustainability remains a catalyst for innovation and robust growth throughout our organization. As we diligently assess and respond to material topics, we cultivate a culture of resilience and adaptability—managing our impacts, predicting new risks, and capturing opportunities that are consistent with our core values and long-term goals. This ongoing path of enhancement ensures that our sustainability efforts are dynamic elements of our competitive strategy. Adopting a forward-thinking approach not only boosts our capacity to handle potential disruptions but also fortifies our connections with investors, employees, consumers, and society at large. We are committed to continual improvement, using feedback and learned lessons to refine our priorities, reporting practices, and resource allocation.

Emmanuel Babeau PMI Chief Financial Officer



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